

**Testimony before the Senate  
Commerce, Science, and  
Transportation Committee on S. 877**

**July 26, 2000**

- **Mr. Chairman, Members of  
Committee Thank You**
- **I support the Brownback Bill**
- **My name is Arne L. Haynes. I am  
President and CEO of The Rainier  
Group. We have served telephone  
customers in the foothills of Mount  
Rainier (Washington) since 1910.  
My Great grandfather Pete won the  
Company in a pinochle game in  
1912. I am the fourth generation  
manager and my son just joined the**

**Company to lead our Interactive Media effort.**

- **Our operations include:**
  - **Mashell Telecom 3800 access line**
  - **Rainier Connect:**
    - **400 facilities based CLEC customers**
    - **1000 cable television customers**
    - **1000 Internet customers**
    - **2600 long distance customers**
  - MercedNet:**
    - Merced, California fixed wireless and CLEC**
    - Ocala, Florida fixed wireless and CLEC**
    - **Merced Interactive Media – web content**

- **We compete with AT&T , Qwest (US West), a myriad of other IXC's and Internet Service Providers. We will soon compete with Pacific Bell and Bell South**
- **We have 50 employees, triple our size since the 96 Act**
- **WE NEED RELIEF FROM REGULATION! (Federal and STATE)**
  - **We were strictly an ILEC prior to The Act**
  - **Regulation impedes our growth**
  - **Regulatory costs are obscene**
- **There is no "Digital Divide" in our Washington State operation. We provide cable modem service and will roll out DSL to 100% of our service area in the next 90 days.**
- **I am either very bright for developing a data ready network or STUPID for investing millions of**

**shareholder dollars in plant that I must give to “competitors” at below cost rates.**

- I believe The Brownback Bill will allow us to continue to expand our operations. Without the deregulatory aspects of The Bill, we fear that our Washington operations will be severely harmed and expansion curtailed.**
- Simply stated, a competitor using our facilities at ridiculously low costs, can price their services below ours. Few, if any, of our costs go away. Residual customers will have to pay much higher rates. This is Robin Hood stealing from the poor to give to the rich!**
- I started our data focused expansion at the same time I rejoined the Company. I never dreamed that regulators would**

**become so unfair and unreasonable. If the current regulatory climate persists I may not be able continue to invest shareholder money in our ILEC beyond the minimum required to meet plain old telephone service (POTS) obligations.**

- Meanwhile, our competitor, little old AT&T, has little or no regulation or requirement to unbundle their digital facilities. Subsequent to the 9<sup>th</sup> Circuit Court decision, why should my advanced services be subject to regulation and not theirs?**
- The Brownback Bill has one other aspect that I am more schizophrenic about. Our first CLEC operation does not have a Reciprocal Compensation element. Our newest one will. We could**

**make a lot of money with  
Reciprocal Compensation.**

- **However, Reciprocal Compensation is unsustainable. When business plans require windfall profits for success justice will ultimately prevail. This Bill justifiably eliminates an unfair and unreasonable loophole in existing regulation.**
- **The elimination of regulation included in this Bill will allow me to better see the future opportunities to expand our services in our Washington operations. Today, the uncertainty and unreasonableness of regulation makes further investment considerably more risky. It took our Company ten years to build a data ready network. Regulatory errors could destroy that in months.**

- **One aspect of The Bill that needs enhancement is the pre-emption of State regulators in the same manner as federal.**
- **State regulators get many of their misguided notions from the FCC. Further, they are drooling fill any vacuums created by less Federal regulation. Frankly, they are a bigger threat to our companies than the FCC. Any one of my employees knows better how to meet our customers' needs than anyone in regulation.**
- **Please let market forces work by passing the Brownback Bill with the requested State regulatory pre-emptions.**
- **Thank you.**